

Rural Development Programme (RDP) of Mainland Finland

Manner-Suomen maaseudun Kehittämishjelma 2007-2013¹
(Rural Development Programme for Mainland Finland 2007-2013)

Relevant Contact Details

Managing Authority Website:

<http://www.mmm.fi>

Other useful links:

Rural Development Programme (RDP):
http://www.mmm.fi/en/index/frontpage/rural_areas/ruraldevelopmentprogrammes/strategyandprogramme20072013.html

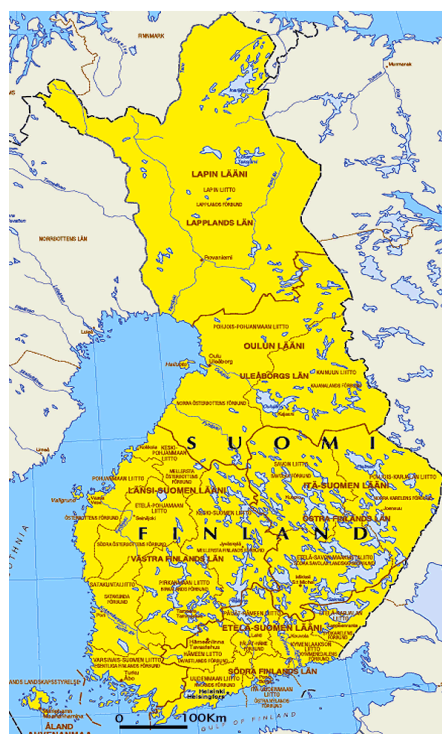
Finnish National Rural Network (NRN):
<http://www.maaseutu.fi/fi/index.html>

General socio-economic situation in Mainland Finland

The total land area of Finland is 304,112 km² of which 86% is forests, 8.9% is agricultural land and just 3% is built environment. Consequently, 90% of the Finnish land area is defined as a rural area, which is inhabited by 42% of the country's 5.2 million population. As such, Finland is considered as the most sparsely populated EU Member State.

Finland's population is concentrated in regional growth areas. There has been a worrying trend of depopulation of rural heartlands and sparsely populated areas, particularly by younger age groups. This has led to the average age and the number of elderly people being higher in rural areas. In addition, the number of men outnumbers the number of women across the country. However, given the attractiveness of the countryside, there has been an increase in the number of people moving from urban to rural adjacent-areas with easy access to towns and cities.

Forestry and agricultural industries have been facing certain challenges which have resulted in restructuring. The baseline figures of the RDP show that the level of employment in the food industry decreased to 37,780 in 2004 from a figure of 55,000 in the 1990s. There is a wider concern about the limited nature of rural job opportunities. In addition, the number of farms undergoing generation shifts has been reducing rapidly and the average age of farmers is increasing steadily. At the same time, across the sectors, the development of competitiveness, innovation and productivity require further investment to ensure that these businesses retain a national and global niche. For example, the RDP makes clear that for certain food processing companies, exports can account for 30 to 60% of sales. Therefore,



Map of Finland

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¹ Latest updated RDP, following the adoption of the Health Check and European Economic Recovery Package and additional funds from Modulation.

new processes, infrastructure and ideas need to be addressed in order to secure and increase the market share of these companies.

The environment in Finland is a key asset to attract new residents and tourists. Farmers are committed to ensuring further improvements. However, in some areas, structural changes have reduced biodiversity. Whilst intensive farming methods have been declining, further reductions in the phosphorous and nitrogen loads require attention. Furthermore, Finland's renewable energy sector is underdeveloped and represents a prime opportunity for rural businesses.

A main strength of rural areas is their community spirit and village activities combined with a strong entrepreneurial spirit and national communication network. This could provide the basis for many future opportunities for developing skills, providing new services, diversifying incomes and exploiting leisure and cultural facilities.

RDP strategic objectives

The strategic objectives of the Mainland Finland RDP cover three key areas:

- Agriculture and forestry are practised in a way that is economically and ecologically sustainable as well as ethically acceptable in all parts of the country. Sustainable agriculture will be encouraged, which will be strongly linked to countryside environmental protection and enhanced performance of rural industry. New technologies will be introduced to improve production processes and high-quality products will be promoted. Bio-energy production and consumption will also be targeted;
- Actions favouring and furthering the competitiveness of businesses, new enterprise development and networking among entrepreneurs to diversify rural economies and improve employment. Innovation in production methods will be introduced, and farmers will be encouraged to diversify their activities. Employment opportunities will be improved and services will be developed to support the ageing population and attract new residents;
- Strengthening local initiatives to improve the viability and quality of life of the rural areas: Local Action Groups will be established to encourage local project participation, ownership and networking.

In recognition of the greater emphasis now being given to the 'new challenges' facing agriculture and rural areas, the RDP was revised in 2009. Additional 66.998 million € of EAFRD financing provided by the CAP Health Check and the European Economic Recovery Package was inserted to the RDP. This new money was allocated within the RDP for activities supporting water management (which received 46% of the additional finance), renewable energy (5%), biodiversity (2%) innovative actions linked to all of the aforementioned RDP activity (3%) milk restructuring (3%) and broadband (37%),

Expected impact / outcomes of the policies

The impact of the RDP implementation is expected to deliver tangible positive results for rural

² A full list of the RDP measures can be found in Annex I.

³ Please note that no private spending has been allocated for measures 113.

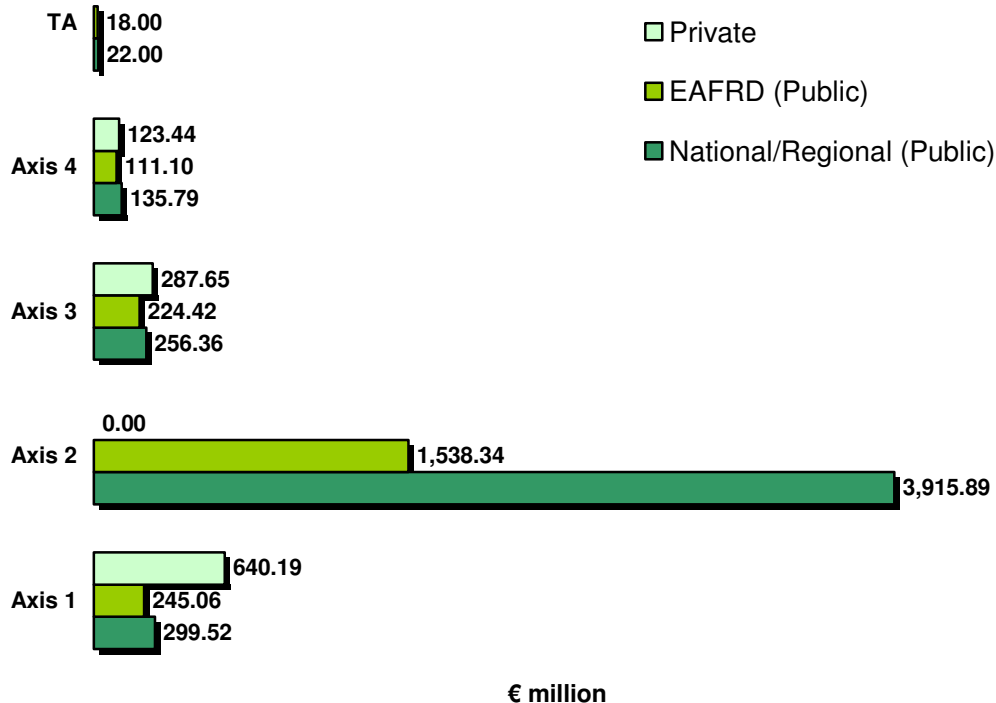
⁴ For measures 211,212, 214, 215, 216 and 221 no private spending has been allocated.

⁵ For measure 412 and 431 no private spending has been allocated.

areas. The competitiveness of rural industries is to be strengthened as a result of the introduction of new technologies, improved processes, strengthened skills and the production of value-added products. Bio-energy markets are expected to be fully developed. This will help increase employment along with other multiplier effects. Diversification and self-employment are to be improved. This will, in particular, lead to improved environmental and welfare services. Depopulation is to be reduced and the age gap will be narrowed. Farmers in areas with natural handicaps will continue to receive support, which will sustain the management of the environment. In the long term, phosphorus levels should decrease and biodiversity should be enhanced. Local Action Group work is expected to enhance civic engagement and local involvement in projects, which will result in sustainable village development.

Following the RDP amendment in November 2009, output and target indicators of certain measures were modified in order to reflect the increased emphasis on and funding for the 'new challenges'. These include targets relating to: training in relation to climate change (measure 111); innovations relating to the dairy sector (measure 124); soil management practices (measure 214); creation of new broadband infrastructure (measure 321); installations for renewable energy using biomass and other renewable energy sources (measure 413). Detailed information on the output-indicators targets are provided in the revised RDP indicator tables.

RDP budget breakdown by axis: Total expenditure (including national/regional + EAFRD + private funding), of €7,817,764,215



The RDP budget allocations are broadly divided into four main areas of expenditure, known

as axes (namely: 1) Improving the competitiveness of the agricultural and forestry sector; 2) Improving the environment and the countryside; 3) Quality of life in rural areas and diversification of the rural economy; and 4) Leader). In the Mainland Finland RDP, the budget is divided according to the axes in a following way axis 1 (€1,184.76 million) represents 15.15% of the updated RDP budget, axis 2 (€5,454.23 million) represents 69.77%, axis 3 (€768.44 million) represents 9.83%, axis 4 (€370.33 million) represents 4.74%, and Technical Assistance (€40.00 million) represents 0.51%.

Share of national/regional, EAFRD and private funding per Axis:

	National/Regional funding	EAFRD funding	Private funding
Axis 1 'competitiveness'	25.28%	20.68%	54.03%
Axis 2 'environment'	71.80%	28.20%	0%
Axis 3 'diversification'	33.36%	29.20%	37.43%
Axis 4 'Leader'	36.67	30.00%	33.33%
Technical assistance	55.00%	45.00%	0%

As a consequence of the adaptation of the Health Check and the European Economic Recovery Package together with other modifications supporting 'new challenges' and technical corrections, the country's RDP budget has been assigned an additional €66,998,002 of EAFRD contribution (of which €42,428,000 is Modulation funds and €24,570,000 are from the European Economic Recovery Plan) plus €63,957,825 of national/regional public funds.

The additional EAFRD contribution, €66,998,002, has been split as follows: €31,140,000 for water management; €3,440,000 for renewable energy; €2,510,000 for climate change; €1,140,000 for biodiversity; €2,100,000 for innovative operations linked to all of the previous actions; €2,100,000 for dairy restructuring; and €24,570,000 for broadband infrastructure in rural areas. The new RDP total budget including public, private and EAFRD contributions is €7,817,764 215.

Axis Information²

Axis 1 objectives: Improving the competitiveness of the agricultural and forestry sector³

Axis 1 will primarily focus on improving the competitiveness of the agricultural and forestry sector. The priorities will include:

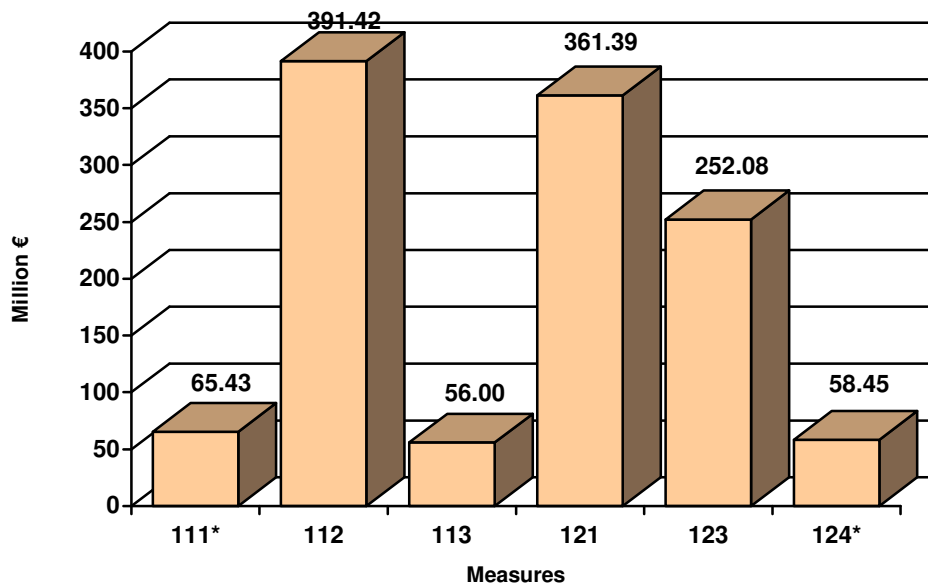
- Developing the productivity and competitiveness of the main agricultural sectors and preventing the weakening of the age structure of farmers by supporting structural development of family farms;
- Strengthening agricultural diversification and farming operations;
- Improving the competitiveness of small enterprises processing agricultural and natural products, and introducing new production methods and innovative technologies;
- Targeting the production of bio-energy and other forms of renewable energy;
- Supporting small-scale wood processing to produce value-added products;
- Developing business management skills, environmental and animal welfare

- awareness among agricultural entrepreneurs; and
- Promoting advanced knowledge and skills on sustainable forest management.

The result and output indicator targets which are being used to assess the measures in this axis include measure 111 (100,000 persons successfully ending a training activity on general vocational and information actions); measure 124 (400 holdings / enterprises receiving support for cooperation for the development of new products processes and technologies in the agriculture, food and forestry sectors); measure 112 (5500 young persons assisted in relation to setting up young farmers); measure 121 (1100 holdings assisted in relation to modernisation of agricultural holdings).

Specific modifications to results indicators have been made that reflect the 2009 RDP amendments. These include under measure 111 (21,000 persons to receive training for activities to reduce climate change); measure 111 (14,000 persons to receive training for information and dissemination of knowledge relating to renewable energies); measure 124 (10 cooperation initiatives supported for improvement of energy efficiency); measure 124 (20 cooperation initiatives supported for innovations related to the dairy sector); measure 124 (10 cooperation initiatives supported for processing of agricultural/forest biomass for renewable energy); measure 124 (10 cooperation initiatives supported for innovative operations to enhance water management). For further information on output indicators targets please refer to the impacts indicator table in the revised RDP programme.

Axis 1 indicative budget breakdown by measure: Total allocated budget (including public funds + EAFRD + private funds) of €1,184,768,444



Following the latest RDP update, the total budget for axis 1 is now €1,184,768,444. This includes an additional €23,777,778 (comprising EAFRD contribution of €10,700,000 and €13,077,778 national / regional public funds). Out of the EAFRD allocation, €4.7 million will be spent on measure 111 for general vocational training and information actions, and another €6 million will be provided for measure 124 which will be used for cooperation activities for the development of new products, processes and technologies in the agriculture, food and forestry sectors. The funding for these measures will target new actions including those

mentioned in the above paragraph.

Axis 2 objectives: Improving the environment and the countryside⁴

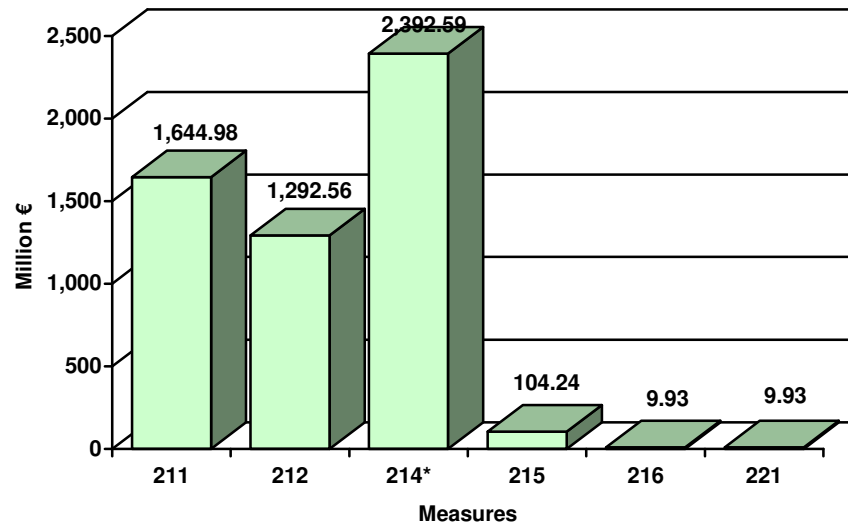
With the aim of improving the environment and the countryside, this axis will seek to maintain an open and cultivated agricultural landscape independently of whether it is used to produce food, food raw materials, and renewable energy or if managed without cultivation. This will be achieved via payments for natural handicaps, agri-environment payments and other measures under Axis 2. In addition, the environmental load to the soil from agricultural sources such as surface waters, groundwater and air will be reduced and environmentally friendly production methods will be promoted.

To support the reduction in greenhouse gases and the preservation of the organic matter in the soil, renewable bio-energy produced on agricultural and forest land will receive funding. Moreover, biodiversity will be preserved in agricultural and forest environments. Special emphasis is given to the preservation of the Natura 2000 network of agricultural and forest areas. The quantitative and qualitative targets for this axis include reducing the phosphorous balance and increasing organic farming to 200,000 ha.

The result and output indicator targets which are being used to assess the measures in this axis include measure 214 (a total area of 2.260 million ha will receive support under agri-environment payments); measure 211 and 212 which work alongside one another (65,921 farms receiving support for natural handicap payments).

Changes in the axis 2 output indicators following the Health check/European Economic Recovery Package modifications relate to agri-environment actions under measure 214 (7500 holdings supported for establishment and management of riparian zones); measure 214 (350 holdings supported for more efficient reduction of nutrient load); For further information on output indicators targets please refer to the impacts indicator table in the revised RDP programme.

Axis 2 indicative budget breakdown by measure: Total allocated budget (including public funds + EAFRD + private funds) of €5,454,229,588



Following the RDP update, the total axis 2 budget is €5,454,229,588. The additional financial allocation for measure 214 €65,616,978 (comprising €29,527,640 EAFRD and €36,046,616 national/regional public funds) is split between two sub-measures, namely the establishment and management of riparian zones, and more efficient reduction of nutrient load. Furthermore, €5 million of the existing EAFRD financing was transferred from measure 214 (agri-environment payments) to axis 3 for measure 312 (Creation and development of micro-enterprises) to be used for renewable energy sources.

Axis 3 objectives: Quality of life in rural areas and diversification of the rural economy

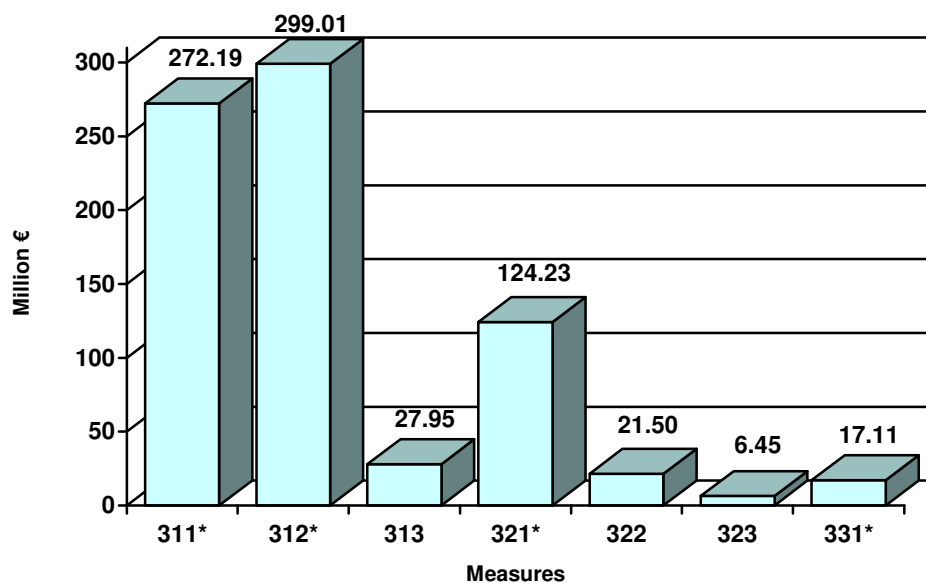
The strategy for axis 3 for diversifying the rural economy and improving the quality of life in rural areas is to:

- Slow down the decrease in the population of sparsely populated rural areas and rural heartland areas;
- Help boost rural employment;
- Support an increase in the number of rural enterprises and the diversification of economic activities;
- Strengthen the proportion of women and young people in economic activity;
- Promote new innovations and product development in order to create employment opportunities in rural areas;
- Improve skills in the areas of entrepreneurship and IT;
- Enhance the attractiveness of rural areas as places of residence and leisure; and
- Contribute to maintaining the vitality of villages.

The result and output indicator targets which are being used to assess the measures in this axis include measure 311 (3700 jobs created relating to diversification of non-agricultural activities); measure 312 (4000 enterprises supported for creation and development of microenterprises); measure 321 (400 investments relating to basic services for the rural economy).

Specific modifications to results indicators have been made that reflect the 2009 RDP amendments. This includes measure 321 (20 actions supported for creation of new broadband infrastructure); measure 321 (20 actions supported for upgrading of existing broadband infrastructure); measure 321 (20 actions supported for laying down passive broadband infrastructure).

Axis 3 indicative budget breakdown by measure: Total allocated budget (including public funds + EAFRD + private funds) of €768,436,293



The amended RDP budget for axis 3 is €768,436,293. This includes additional funds for measure 321 €36,627,183 (comprising €24,570,362 EAFRD and €12,101,820 national/regional public funds), which will concentrate efforts on improving broadband infrastructure throughout the RDP area, for actions as outlined above, especially in the sparsely populated rural areas.

Axis 4 objectives: Leader

The priorities set in the strategy for the Leader approach (axis 4) are to:

- Implement rural development strategies driven by local needs in accordance with the bottom-up principle, which enables each rural area to develop precise solutions for improving the opportunities for employment;
- Bring together new people and groups into rural development work and to identify development opportunities;
- Strengthen local rural communities and improve the living conditions, quality of life and the environment of the residents;
- Develop cooperation between civil society and public administration;
- Network and create cooperation between different kinds of actors at local, regional, national and international level;
- Use networks to disseminate new, innovative solutions and know-how that improve

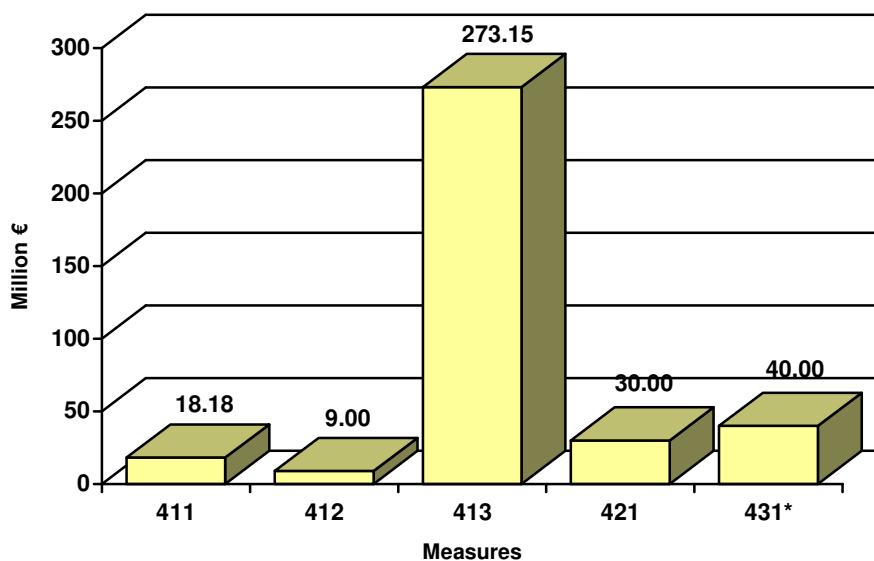
the competitiveness of rural actors.

The result and output indicator targets which are being used to assess the measures in this axis include a combined target for measure 411, 412 and 413 (7000 projects to be financed by Local Action Groups); measure 421 (600 projects out of which 300 are international projects relating to support for inter-territorial and international projects).

Number of LAGs operational in the Mainland Finland RDP area was 55 as of March 2010.

Specific modifications to results indicators have been made that reflect the 2009 RDP amendments. In particular, Leader approaches will be used to deliver axis 3 measures and actions (measure 311, 312, 321 [renewable energy actions] and 331) under axis 4 namely measure 413. This includes measure 413 / 311 (100 beneficiaries supported for processing of agricultural / forest biomass for renewable energy); 413 / 312 (20 micro enterprises supported in relation to installations for renewable energy); 413 / 321 (10 actions supported for installations for renewable energy); 413 / 331 (1,200 persons supported in relation to information and dissemination of knowledge related to water management).

Axis 4 indicative budget breakdown by measure: Total allocated budget (including public funds + EAFRD + private funds) of €370,329,889⁵



The amended RDP budget for axis 4 is €370,329,889. This includes additional €4,888,889 (comprising €2,200,000 EAFRD and €2,688,889 national / regional public funds) for measure 413. The funds will be allocated to actions including those mentioned above.

Monitoring and evaluation strategy

The RDP evaluation system has been developed to target the programme's objectives, to analyse changes that might be necessary, and to collect information in order to explain to the authorities and the general public how the RDP's funds have been allocated. The close monitoring of the RDP's implementation and the responsibility for programme amendments rest with the Monitoring Committee, which is composed of key stakeholders from relevant

governmental bodies and organisations. The Monitoring Committee assesses the results and impacts of the RDP and plays a significant part in directing its implementation and resolving problems. The Monitoring Committee will provide continual information on the implementation of the RDP through summary, annual, mid-term and ex post reports and evaluations. The raw data that will be collected for the reporting will be obtained through applications for funding and with the support of various administrative computer systems.

Communication and publicity

The communication strategy is implemented by the Ministry of Agriculture and Forestry, the Agency for Rural Affairs and Rural Network. The main idea behind the strategy is that all relevant actors who can benefit from the RDP are aware of the potential opportunities and are fully informed of the application process. Another aim is that the results of the RDP's implementation are successfully disseminated along with debate on various approaches to rural development. The target groups for the communication strategy include regional and local authorities, rural development organisations, farmers, rural entrepreneurs, private individuals, NGOs and other stakeholders. The communication strategy makes use of several means of communication. Importantly, the Internet will play a key role in alerting the stakeholders to the relevant opportunities and the application process. Moreover, information bulletins, newspaper advertisements, databanks, publications and brochures are utilised.

Annex I – Measures

Measures selected by the RDP

Measures selected by the updated RDP

Axis 1 - Improving the competitiveness of the agricultural and forestry sector	<i>Promoting knowledge and improving human potential</i>	111	Vocational training and information actions
		112	Setting up of young farmers
		113	Early retirement
		114	Use of advisory services
		115	Setting up of management, relief and advisory services
	<i>Restructuring and developing physical potential and promoting innovation</i>	121	Modernisation of agricultural holdings
		122	Improvement of the economic value of forests
		123	Adding value to agricultural and forestry products
		124	Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector
		125	Infrastructure related to the development and adaptation of agriculture and forestry
	<i>Quality of agricultural production and products</i>	126	Restoring agricultural production potential
		131	Meeting standards based on EU legislation
		132	Participation of farmers in food quality schemes
	<i>Transitional measures</i>	133	Information and promotion activities
141		Semi-subsistence farming	
142		Producer groups	
Axis 2 - Improving the environment and the countryside	<i>Sustainable use of agricultural land</i>	143	Providing farm advisory and extension services
		211	Natural handicap payments to farmers in mountain areas
		212	Payments to farmers in areas with handicaps, other than mountain areas
		213	Natura 2000 payments and payments linked to Directive 2000/60/EC
		214	Agri-environment payments
		215	Animal welfare payments
	<i>Sustainable use of forestry land</i>	216	Non-productive investments
		221	First afforestation of agricultural land
		222	First establishment of agroforestry systems on agricultural land
		223	First afforestation of non-agricultural land
		224	Natura 2000 payments
		225	Forest-environment payments
		226	Restoring forestry potential and introducing prevention actions
		227	Non-productive investments
Axis 3 - Quality of life in rural areas and diversification of the rural economy	<i>Diversify the rural economy</i>	311	Diversification into non-agricultural activities
		312	Support for business creation and development
		313	Encouragement of tourism activities
	<i>Improve the quality of life in rural areas</i>	321	Basic services for the economy and rural population
		322	Village renewal and development
		323	Conservation and upgrading of the rural heritage
		331	Training and information
Axis 4 - Leader	<i>Implementing local development strategies</i>	341	Skills-acquisition and animation measure with a view to preparing and implementing a local development strategy
		411	Competitiveness
		412	Environment/land management
		413	Quality of life/diversification
		421	Implementing cooperation projects
431	Running the local action group, skills acquisition, animation		